

LEGISLATIVE AUDIT COMMISSION



Review of
Southern Illinois University
Year Ended June 30, 2012

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REVIEW: 4405
SOUTHERN ILLINOIS UNIVERSITY
YEAR ENDED JUNE 30, 2012

FINDINGS/RECOMMENDATIONS - 15

ACCEPTED - 6
IMPLEMENTED - 9

REPEATED RECOMMENDATIONS - 4

PRIOR FINDINGS/RECOMMENDATIONS - 6

This review summarizes the reports of Southern Illinois University for the year ended June 30, 2012, filed with the Legislative Audit Commission June 6, 2013. The auditors performed a financial audit and compliance examination in accordance with State law, the requirements of the Federal Single Audit Act and OMB Circular 133. The auditors stated that the financial statements were fairly presented.

Southern Illinois University is a comprehensive university with medical, dental, law, nursing and pharmacy schools, and with degree programs from the associate to the professional and doctoral levels. It has two main campuses: one in Carbondale, which includes the School of Medicine in Springfield. The other is in Edwardsville and includes the School of Dental Medicine in Alton and the East St. Louis Center. The Southern Illinois University Board of Trustees, which governs the University, is comprised of seven members appointed by the Governor and two students elected by the student body. Dr. Glenn Poshard is the President of the University, and he has served in that capacity since January 2006. Dr. Poshard has a long association with SIU beginning in the 1960s as a student. He has since earned three degrees from the University. Dr. Poshard served as Vice Chancellor for Administration from 1999 to 2003 and Board of Trustees Chair from 2004 to 2005.

General Information

Following is a comparative summary of net assets of the University at the dates indicated:

	<i>FY12</i>	<i>FY11</i>
Total Assets	\$ 1,240,386,315	\$ 1,128,151,176
Total Liabilities	\$ 515,780,425	\$ 499,757,751
Net Assets		
Invested in capital assets, net	495,051,877	410,754,130
Restricted-nonexpendable	2,662,160	2,976,342
Restricted-expendable	121,787,610	115,669,997
Unrestricted	105,015,751	98,992,956
Total Net Assets	\$ 724,605,890	\$ 628,992,956

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Following are total net assets for the various University Related Organizations at June 30 in the years indicated:

			SIUC			SIUC	SIUE	
	SIUC	SIUE	Physicians	SIUC	SIUE	Research	University	
	Foundation	Foundation	Surgeons	Alumni	Alumni	Park	Park	TOTAL
2012	\$141,659,759	\$31,318,704	\$36,849,228	\$5,210,403	\$(90,214)	\$393,508	\$2,708,924	\$218,050,312
2011	\$144,571,715	\$35,413,351	\$35,835,386	\$5,203,152	\$(63,134)	\$421,937	\$1,876,140	\$223,258,547

Information on employee full-time equivalents is as follows:

	<i>Fall 2011</i>			<i>Fall 2010</i>		
	<u>SIUC</u>	<u>SIUE</u>	<u>Total</u>	<u>SIUC</u>	<u>SIUE</u>	<u>Total</u>
Faculty	1,352	819	2,171	1,366	808	2,174
Graduate Assistants	791	228	1,019	777	217	994
Civil Service	2,639	932	3,571	2,687	921	3,608
Admin/Prof Staff	1,055	473	1,528	1,079	482	1,564
TOTAL	5,837	2,452	8,289	5,909	2,431	8,340

Student enrollment, including undergraduate and graduate students, during the fall semester was as follows:

	<i>Fall 2011</i>			<i>Fall 2010</i>		
	<u>SIUC</u>	<u>SIUE</u>	<u>Total</u>	<u>SIUC</u>	<u>SIUE</u>	<u>Total</u>
Full-time	15,058	10,905	25,963	15,814	10,891	26,705
Part-time	3,789	3,330	7,119	4,003	3,242	7,245
Total	18,847	14,235	33,082	19,817	14,133	33,950
Full-time equivalent	15,720	12,072	27,792	16,522	12,003	28,525

The annual cost per full-time student was \$38,500, in 2012, compared to \$35,183 in 2011. The cost per student was derived from a calculation based on the number of full-time equivalent students and the total operating expenses for the year.

Expenditures From Appropriations and the Income Fund

Appendix A presents a summary of expenditures from appropriations and the Income Fund for FY12 and FY11. The General Assembly appropriated \$237,165,900 from five different funds to SIU in FY12. Total expenditures from appropriations in FY12 were \$219,732,115, compared to \$222,013,500 in FY11. Expenditures from the Income Fund were \$207.5 million in FY12 and \$208.8 million in FY11.

Accrued Compensated Absences

Southern Illinois University's liability for accrued compensated absences (sick and vacation) as of June 30, 2012 was \$47,567,145. This represents a 4% decrease over 2011 when the University's liability for accrued compensated absences was \$49.6 million.

Summary of Revenues, Expenditures and Changes in Net Assets

The table appearing in Appendix B presents a comparative statement of revenues, expenditures, and changes in net assets for the years ended June 30, 2012 and 2011. Total revenues as of June 30, 2012, including operating, nonoperating, and other revenues, were \$1,166,206,314 compared to \$1,086,146,519 as of June 30, 2011. The following chart shows revenues by source for FY12 and FY11.

Revenues	FY12	FY11
<i>State Appropriations & on-behalf payments</i>	38%	38%
<i>Tuition and fees, net</i>	22%	22%
<i>Federal Grants & Contracts</i>	8%	10%
<i>Auxiliary Enterprises</i>	10%	10%
<i>Other</i>	22%	20%

Expenditures and mandatory transfers were \$1,069,993,849 in FY12 and \$1,003,604,416 in FY11. The following chart indicates expenditures by type for FY12 and FY11:

Expenditures	FY12	FY11
<i>Instruction</i>	31%	32%
<i>Research</i>	7%	6%
<i>Public Service</i>	6%	6%
<i>Academic Support</i>	17%	16%
<i>Institutional Support</i>	7%	7%
<i>Plant</i>	8%	9%
<i>Auxiliary Enterprises</i>	10%	10%
<i>Student Services</i>	7%	7%
<i>Other</i>	7%	7%

Accounts Receivable

Appendix C is a summary of the University's accounts receivable for FY12 and FY11. Gross accounts receivable decreased from almost \$75 million in FY11 to about \$68.6 million in FY12. In FY12, about 61% of receivables are due from either student tuition (\$16.3 million) or general operating (\$25.6 million).

Property and Equipment

Appendix D summarizes the changes in property and equipment for fiscal years 2012 and 2011. The ending balance in FY12 was \$789.4 million, or \$73 million greater than the ending balance in FY11. The increase was due primarily to construction in progress including the Transportation Education Center (\$31 million) and the Student Services Building (\$6.6 million) at Carbondale, and the Science Building Renovation (\$28.4 million) and Art and Design Expansion (\$8.2 million) at Edwardsville.

Foundation Payments to the University

During FY12 the University contracted with both the Southern Illinois University Foundation at Carbondale and the Southern Illinois University Foundation at Edwardsville to provide fund raising services. The University paid the Foundation at Carbondale \$5,025,369 in funds and in-kind services and rent to the Foundation. Although not required under contract, the Foundation provided the University certain funds considered unrestricted for purposes of the University Guideline's computations. Total funds provided by the Foundation at Carbondale to the University were \$8,293,384 in FY12.

The Foundation at Edwardsville provided the University certain funds considered unrestricted for purposes of the University Guideline's computations. Total funds provided by the Foundation at Edwardsville to the University were \$8,185,430 in FY12.

Information regarding the two foundations is found in Appendix E.

Tuition and Fee Waivers

During FY12, Southern Illinois University at Carbondale granted \$37.8 million in tuition and fee waivers, and Southern Illinois University at Edwardsville granted a total of \$10.7 million in tuition and fee waivers, for a total of \$48.5 million. Appendix F provides a summary of the tuition and fee waivers granted in FY12 and FY11. Approximately 6,800 undergraduate and graduate students received tuition/fee waivers at SIU-C, while 2,760 students received the waivers at SIU-E.

Accountants' Findings and Recommendations

Condensed below are the 15 findings and recommendations presented in the audit report. There were four repeated recommendations. The following recommendations are classified on the basis of updated information provided by Dr. Glenn Poshard, President, and received via electronic mail on September 13, 2013.

Accepted or Implemented

1. Improve controls over financial reporting to ensure accurate presentation and disclosure of annual financial statements.

Finding: Southern Illinois University (University), the Housing and Auxiliary Facilities System (HAFS), and the Medical Facilities System (MFS) need to improve control over financial reporting. Several errors related to the draft financial statements provided to the auditors were identified and corrected.

Part of the cash and cash equivalents, short-term investments and long-term investments were not properly classified as restricted on the Statement of Net Assets in the current and prior fiscal years. This resulted in the following reclassifications on the University, HAFS and MFS financial statements from unrestricted cash and investments to restricted cash and investments:

- On the University financial statements a reclassification of \$68,870,186 in FY12 and \$45,910,047 in FY11,
- On the HAFS financial statements a reclassification of \$66,663,321 for FY12 and \$43,588,363 for FY11, and
- On the MFS financial statements a reclassification of \$1,712,233 for FY12 and \$1,353,044 for FY11.

This also resulted in a reclassification on University Related Organizations' financial statements of \$145,637,820 in FY12 from unrestricted cash and investments to restricted cash and investments and of \$154,040,969 in FY11 from unrestricted cash and investments to restricted cash and investments.

According to University management, the University adopted GASB 34 in 2002 and has been consistently reporting assets on the Statement of Net Assets. The missing reclassifications for restricted assets were first brought to the attention of University management in 2012, resulting in revised statements.

Updated Response: Accepted and partially implemented. A mechanism is in place to fully implement this recommendation upon the completion of the FY13 financial statements in late September.

2. Maintain documentation used to arrive at the accounting estimates for the allowance for doubtful accounts using relevant, sufficient and reliable data in accordance with generally accepted accounting principles. Perform a retrospective review of the estimate developed in the preceding year to determine if the estimate was reasonable based upon actual results in the subsequent period.

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Finding: The University did not establish an adequate process to estimate the allowance for doubtful accounts for accounts and notes receivable.

By using historical percentages, the Carbondale campus estimated the allowance for doubtful accounts and notes receivables to be \$9.4 million of the gross receivables of \$53.7 million and \$2.6 million of notes receivable balance of \$17.8 million at June 30, 2012. However, the University could not provide auditors with any substantive basis for the percentages used, and had not performed a substantive analysis to support the percentages used in determining fiscal year 2012 amounts.

The University performed additional analysis of the estimated allowance for doubtful accounts and notes receivable and auditors determined the allowance for student tuition and fees and auxiliary enterprise receivables were not materially misstated and required no adjustment. However after further analysis, the University determined that certain receivables from State agencies totaling \$5.0 million at June 30, 2012 and \$5.2 million at June 30, 2011 should have had an allowance for doubtful accounts of \$2.6 million and \$3.1 million, respectively. In addition, the University determined that its Perkins loans were over-reserved by \$2.3 million and \$2.0 million at June 30, 2012 and 2011, respectively. The University did not record these adjustments because they were not material to the financial statements.

University officials stated that they used the established percentages from an analysis performed in FY09 to determine the allowance in the current year. An analysis was not performed in the previous two fiscal years or the current year because there were no accounts written off to bad debt which resulted in there being no basis for analysis to ensure the allocations were still appropriate. FY12 was the first year in which the University processed actual bad debt write-offs and plans to assess the allowance percentages for appropriateness in FY13 given two years of data.

Response: Accepted. Please note that the state agency receivables referenced in this finding are associated with the Illinois Veterans Grant, an entitlement program in which eligible recipients receive their awards regardless of the annual appropriation to the Illinois Student Assistance Commission (ISAC) which in turn reimburses the University. The University has received reimbursements at a rate averaging 28% of total cost during the last three fiscal years although the pattern of payment is not predictable, ranging from a high of 44% in FY10 to a low of 12% in FY11.

Instead of recording an allowance for doubtful accounts and the associated bad debt expense, we have reversed the receivables attributable to the prior year balances at the end of the following year.

Updated Response: Implemented. For FY13, we reversed Illinois Veteran's Grant receivables attributable to the prior year balances. In FY14, we will treat these as waivers rather than receivables, therefore eliminating the issue.

Accepted or Implemented – continued

3. Adopt review procedures to evaluate whether text book inventory is being valued appropriately at the Edwardsville campus.

Finding: The University did not establish an adequate process to value text book services inventory at fiscal year-end.

The Edwardsville campus accounts for text book services inventory values by running fiscal year-end reports from its Paradox inventory system. The system generates reports using a replacement cost (most recent purchase price) and a retail average cost report. The University's policy is to record text book services inventory at lower of cost or market. The University incorrectly utilized the replacement cost report to value fiscal year-end inventory for fiscal years 2012 and 2011. Text book services inventory accounts were overstated at June 30, 2012 and 2011 by \$2.0 million and \$2.2 million, respectively.

University officials indicated that they generated text book services inventory reports at fiscal year-end and incorrectly used the replacement cost to value the text book services inventory. The University's system of internal controls failed to identify and correct the inventory valuation.

Updated Response: Implemented. This recommendation has been fully implemented with the installation of a new inventory management system that facilitates the proper review and analysis of inventory valuation reports.

4. Create formalized policies and procedures at SIUE related to the review of budget to actual reports and documentation of internal control procedures and retention of fiscal monitoring for the Head Start program. (Repeated-2011)

Finding: The East St. Louis Center of the Edwardsville campus did not perform a formalized review of budget to actual reports for their Head Start program during FY12.

The University used the monthly budget to actual reports as a control to monitor revenues and expenditures related to the Head Start program during the grant period. The reviews were not formally documented, and as such, no audit evidence exists to prove that the reviews occurred. The annual Head Start budget for the East St. Louis campus for FY12 was \$11.6 million.

University officials stated that they had updated procedures for developing, reviewing and revising budgets and work plans by their Policy Council and Governance Group, however the updated written procedures were not fully implemented by June 30, 2012, the end of the examination period.

Updated Response: Implemented. New accounting staff was hired to assist with fiscal matters of the Head Start grant beginning in fall 2012, and have since provided assistance to fully implement a formal procedure for review of budget to actual reports.

- 5. Ensure a documented supervisory review of projected enrollment levels for Head Start occurs before the grant agreements are signed. Also, formally monitor the enrollment status quarterly throughout the grant period. (Repeated-2010)**

Finding: The East St. Louis Center of the Edwardsville campus failed to meet the Head Start program's 10% requirement for enrollment of children with disabilities. The East St. Louis campus had funded enrollment of only 4% of children with disabilities.

In a letter to the Administration for Children and Families dated October 12, 2012, the University acknowledged they did not meet the earmarking requirement and requested a waiver of this requirement. The University has not yet received a written response from the Administration for Children and Families regarding this waiver request.

According to University officials, SIUE East St. Louis Head Start experienced several barriers to achieving the enrollment requirement.

Updated Response: Accepted and partially implemented. A process to monitor the enrollment status on a quarterly basis has been instituted. The waiver addressed in this finding was approved in March 2013. A new waiver for the current program year has already been submitted; however, approval by the Program is pending. Furthermore, the Head Start Program Officer has acknowledged the difficulties of meeting this earmarking requirement, as the agencies are at the mercy of the school districts, which are responsible for screening the children and making the ultimate decision regarding disabilities.

- 6. Provide further training regarding reviewer monitoring of responsibilities and maintenance of proper documentation for the Head Start program.**

Finding: At both the Carbondale and Edwardsville campuses there were instances in which reports prepared to summarize volunteer timesheets were not mathematically accurate and/or lacked evidence of review and approval. This resulted in inaccurate reporting of volunteer hours used to meet matching requirements for the Head Start program.

Auditors reviewed 40 volunteer time sheets for each campus at various centers served by the Head Start program, and noted errors in certain monthly summation reports. According to University officials, the errors were not caught due to an oversight.

Response: Accepted. Accounting staff have been directed to ensure that future matching calculations are accurate and contain a reviewer signature.

Accepted or Implemented – continued

Updated Response: Implemented. This recommendation has been fully implemented on both campuses, where review procedures have been implemented to provide an additional layer of control to the reporting of volunteer hours to ensure accuracy.

7. Improve controls around the return of Title IV funds, and review policies and procedures regarding performing timely drawdowns, review of return of Title IV calculations and processes for determining when a student withdrew.

Finding: The University needs to improve controls over the calculation and return of Title IV funds. Auditors tested a sample of 40 students who withdrew during the Fall 2011 and Spring 2012 semesters from each campus and noted the following deficiencies regarding the calculation and return of Title IV funds:

- The University did not return Title IV funds within 45 days after the date the institution determined that the student withdrew. On the Edwardsville campus, funds for 15 students were not returned to the appropriate federal source within 45 days and ranged from 10 to 104 days late. On the Carbondale campus funds for two students were not returned to the appropriate federal source within 45 days and ranged from 4 to 65 days late.
- The University did not determine the withdrawal date for students within 30 days after the end of the period of enrollment. At Carbondale, one student tested received an incomplete grade, who never attended class. This action delayed the process of determining the student as an unofficial withdrawal. At Edwardsville, the determination of unofficial withdrawals was not timely for 11 of 40 students tested.
- The Carbondale campus returned \$2,979 instead of the correct amount of \$3,082 for one student. For the second student, the campus used an incorrect number of total days in the return calculation, returning \$2,316 instead of the correct amount of \$2,345.

According to University officials at the Edwardsville campus, the Student Financial Aid department completes the return of fund calculation and applies the credit to the student's account for the amount that the University is responsible to return. The University then nets its returns with the next drawdown. This process should be revised to generate a payment when there are no funds available to net with the return. Additionally, the process to determine a student's official withdrawal date is time consuming, as it involves communication with professors, and was not being completed within the 30-day requirement.

According to University management at the Carbondale campus, the untimely return of funds was due to less than timely communication with a professor regarding the

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withdrawal date and a high volume of withdrawals to be processed for new students due to the spring break. The issuing of an incomplete grade to one student who never attended class resulted in the untimely determination of the unofficial withdrawal. In the instances where an incorrect amount of funds was returned, an error was made in recording a withdrawal date, and the incorrect number of days of a scheduled break was used in the withdraw calculation.

Updated Response: Implemented. Procedures have been modified on both campuses to ensure the timely return of funds.

8. Review procedures for updating National Student Loan Data System (NSLDS) for unofficial withdrawals. (Repeated-2011)

Finding: The Edwardsville Campus does not have effective controls in place to ensure updates of student enrollment status are reported to the NSLDS.

Out of 25 enrollment status changes tested, two were not reported to the NSLDS on a timely basis. The two unofficial withdrawal students had received Stafford or PLUS loans and were not reported to NSLDS.

According to University officials, NSLDS was never notified of the two students who unofficially withdrew from the University because the students were re-enrolled in the subsequent term and the unofficial status was never reported to the NSLDS.

Updated Response: This recommendation has been fully implemented, as we are manually updating the enrollment status of students who withdraw and/or never attend.

9. Develop a policy requiring monthly reconciliations be performed between School Account Statement (SAS) reports and University financial records.

Finding: The University was not reconciling the School Account Statement (SAS) data files to the institution's financial records on a monthly basis.

Auditors tested three months of SAS reports and noted that the reports were not reconciled to the University's financial records in any of the three months tested. The University did not have a policy requiring the reconciliation of the SAS reports to University financial records.

According to University officials, reconciliations of the disbursements were being performed in the months of the drawdowns; however, the reconciliation of the School Account Statements from the COD was not being performed on a monthly basis.

Accepted or Implemented – continued

Updated Response: This recommendation has been fully implemented, with the required reconciliations being performed twice per month.

10. Amend policies to require all employees to submit timesheets in compliance with statute (Repeated-2005).

Finding: The University does not have a policy that requires all employees to periodically submit timesheets documenting the time spent each day on official University business to the nearest quarter hour as required by the State Officials and Employees Ethics Act.

Auditors noted that the University's faculty did not submit timesheets in compliance with statute. The process is effectively a "negative" timekeeping system whereby the employee is assumed to be working unless noted otherwise. No time sheets documenting the time spent each day on official State business to the nearest quarter hour are required for faculty.

University officials indicated that its legal counsel is working with other Illinois public universities and has been unable to come up with a workable solution to implement a policy and procedure for time reporting by faculty.

Response: Accepted. Southern Illinois University continues to require all employees including Faculty to request time off and the University maintains and reports the time requested and approved. This practice is similar to and consistent with the practice of other public universities. The University will continue to work with other public universities and the IBHE in resolution of this issue.

11. Regarding controls over computer inventory:

- **perform an assessment to determine if the missing computers contain confidential information;**
- **review current practices to determine if enhancements can be implemented to prevent the theft or loss of computers;**
- **establish procedures to immediately notify security personnel of any missing or stolen computers to allow them to assess if a computer may have contained confidential information and document the results of the assessment; and,**
- **ensure confidential information is adequately secured with methods such as encryption or redaction.**

Finding: The University was unable to locate 257 computers (192 from Carbondale and 65 from Edwardsville) during the annual inventory. These items were deemed by the University to have been lost or stolen during FY12, totaling \$416,183.

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During testing, the auditors noted the University had not protected its computers with encryption software, thus increasing the risk that confidential information could be exposed. In addition, the University did not perform a detailed assessment and therefore was unable to assess whether the missing computers contained confidential information.

University officials stated that they file police reports for computers reported as stolen. For computers reported as lost, many of the missing computers are later located by department staff and are properly cleared of data and surplus. However, University officials stated that no procedures were in place to assess whether lost or stolen computers contained confidential information.

Updated Response: Partially implemented. Controls have been developed to identify the type of data contained on missing computers and a process has been developed to make appropriate notifications if data was confidential. These new procedures are being applied to the missing computers identified in this finding as well as any identified in the future.

12. Review the activities of accounting entities and ensure that fees charged for services are sufficient to cover expenditures, and ensure that subsidies between accounting entities do not occur.

Finding: The University had a subsidy between accounting entities during FY12.

During testing of the University Guidelines, the auditors noted the Carbondale Student Programs and Services accounting entity had a negative cash balance at the beginning and end of FY12.

According to University officials, the renovation of facilities at the Carbondale campus resulted in the cash position of the Student Programs and Services entity to become negative in the amount of \$(55,699) at June 30, 2012. The entity's cash position is expected to be positive at June 30, 2013.

Response: Accepted. Procedures are being modified to ensure that fees charged are sufficient and that subsidies between accounting entities do not occur.

Updated Response: Implemented. A review of the fund balance in each accounting entity was made at June 30, 2013, and all reflected a positive fund balance.

13. Implement controls to monitor new employees to ensure ethics training mandated by State law is completed in a timely manner.

Finding: The University did not have adequate internal controls to ensure new employees timely completed ethics training. Auditors noted nine of 50 new hires tested completed ethics training from eight to 256 days late.

Accepted or Implemented – concluded

University officials at the Edwardsville Campus stated the completion of the ethics training for these employees beyond 30 days was an oversight.

University officials at the Carbondale Campus stated prior tracking of compliance with the 30-day requirement was performed manually. Serious staff shortages contributed to tracking errors.

Updated Response: This recommendation has been fully implemented. The process for tracking the completion of new hire ethics training has been automated on both campuses to improve accuracy and compliance.

14. Establish internal controls to ensure that automobile accidents are reported to DCMS within three calendar days as required by the Administrative Code.

Finding: The University did not report automobile accidents to the Department of Central Management Services on a timely basis. Auditors noted five of 25 accidents tested at the Carbondale campus were not reported to DCMS timely. Four instances were reported five to nine days late, and one instance was not reported to DCMS.

University officials stated that University departments are instructed to report all accidents to Travel Service within 48 hours of occurrence. Some travel situations cause delayed reporting by the departments to Travel Service. The one unreported accident occurred during a transition of responsibility for accident reporting from one staff member to another.

Updated Response: Accepted and partially implemented. Additional measures have been established to regularly remind employees both before and at the time of vehicle checkout, regarding the importance of promptly reporting accidents. These procedures are currently under review, but have not yet been implemented.

15. Ensure that all employees receive an annual performance evaluation in accordance with University policy.

Finding: The University did not complete annual performance evaluations for all employees at the Carbondale campus. During testing of 25 employee personnel files, auditors noted five did not include a performance evaluation for the current fiscal year.

University officials stated staffing shortages due to retirement of key personnel contributed to this deficiency.

Updated Response: Implemented. Monitoring procedures have been employed, and a list of delinquent evaluations is being provided to the Vice Chancellor's on a regular basis for enforcement.

Emergency Purchases

The Illinois Procurement Code (30 ILCS 500/) states, "It is declared to be the policy of the State that the principles of competitive bidding and economical procurement practices shall be applicable to all purchases and contracts...." The law also recognizes that there will be emergency situations when it will be impossible to conduct bidding. It provides a general exemption when there exists a threat to public health or public safety, or when immediate expenditure is necessary for repairs to State property in order to protect against further loss of or damage to State Property, to prevent or minimize serious disruption in critical State services that affect health, safety, or collection of substantial State revenues, or to ensure the integrity of State records; provided, however that the term of the emergency purchase shall not exceed 90 days. A contract may be extended beyond 90 days if the chief procurement officer determines additional time is necessary and that the contract scope and duration are limited to the emergency. Prior to the execution of the extension, the chief procurement officer must hold a public hearing and provide written justification for all emergency contracts. Members of the public may present testimony.

Notice of all emergency procurement shall be provided to the Procurement Policy Board and published in the online electronic Bulletin no later than 3 business days after the contract is awarded. Notice of intent to extend an emergency contract shall be provided to the Procurement Policy Board and published in the online electronic Bulletin at least 14 days before the public hearing.

A chief procurement officer making such emergency purchases is required to file an affidavit with the Procurement Policy Board and the Auditor General. The affidavit is to set forth the circumstance requiring the emergency purchase. The Legislative Audit Commission receives quarterly reports of all emergency purchases from the Office of the Auditor General. The Legislative Audit Commission is directed to review the purchases and to comment on abuses of the exemption.

During FY12 Southern Illinois University filed no affidavits for emergency purchases.

Headquarters Designations

The State Finance Act requires all State agencies to make semiannual headquarters reports to the Legislative Audit Commission. Each State agency is required to file reports of all its officers and employees for whom official headquarters have been designated at any location other than that at which official duties require them to spend the largest part of their working time.

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As of July 2012, Southern Illinois University had no employees assigned to locations other than official headquarters.